Research Paper **Management**

Benefits and Problems of E-Banking: A study on users' prospective

| Dr. Sarat Borah | Head & Associate professor, Department of Business Management, CKB Commerce College, Jorhat, Assam, PIN-785001 |

ABSTRACT Service industry particularly, banking sector wants to know more about needs and preferences of customers so that, they can meet all the demand of the customers. The main objectives of this paper are to examine the reasons for preferring e-banking services and find out problems of bank customers. Convenience sampling technique is used to select the respondents for the primary data collection and samples of 130 customers have been selected for the study. The findings of the study are that, most of the respondents prefer the services of e-banking because of their 24x7 hours services and major problem of e-banking is machine is out of order.

Introduction:

There is a drastic change in the banking sector in India. With the economic and financial sector reforms introduced in the country, the operating environment for banks in India has also a rapid change. E-banking is likely to bring a host of opportunities as well as unprecedented risks to the fundamental nature of banking in India. The growth and magnitude of digital economy is forcing banks, to spend a significant proportion of their time and budget on information technology. The main reasons for investing in the technology are to streamline work processes and to provide the best service to their customers. Today banks are, regardless of their size, starting to offer most of the financial services online. E-banking is changing the way of services to their banking customers. They no longer have to visit their bank to perform their banking activities. Bank customers can conduct their banking activities almost everywhere as long as they have an Internet connection. With increasing competition the customers are also becoming more demanding. To meet customers' expectation and to survive in this competition world the bank should know the factors that affect the acceptance of e-banking facilities which will assist them in developing and introducing suitable strategies to enhance its usage.

Statement of the problems:

Now a day's customers are becoming more powerful. Every industry, whether it may be manufacturing, trade or service sector industry tries to satisfy their customers. Customers are considered as 'King' or 'God'. If they are dissatisfied, they are no longer with them. Therefore, every enterprise tries to retain their existing customers by satisfying them. It is believed that, a satisfied customer re-purchase and recommends others. Service industry, particularly banking sector wants to know more about the needs and preferences of the customers so that, they can meet all the demand of the customers as promptly as possible. Due to the changes of technology of service style, banking sector offer their services online. It is convenient both for the banks and customers, yet most of the bank customers hesitate to take the advantages of e- banking services. They are even afraid to use the ATM. Keeping this in mind, researcher has chosen the topic entitled "Benefits and Problems of E-banking: A study on Users' Prospective".

Review of literature:

Geetika et al (2008) in their article entitled, "Internet Banking in India: Issues and Prospects", highlighted the concept of internet banking, perception of customers, non customers and issue of major concern in internet banking. With the help of a questionnaire collected information form 100 customers in Allahabad. The collected data were tabulated and analyzed with the help of different statistical tools. The major finding of the paper is that balances checking and e-ticketing are the most popular services and other services are moderate in popularity.

K.T. Geetha and Malavizhi(2011), their study shows that customers are more reluctant for new technologies. The recommendations to the banks are that they have to increase the level of trust between the new technology of banks and customers. Customer should be award-ed about the benefits of new technology. Banks must be assured the customers that online banking is safe and secure for financial transaction like traditional banking.

Sing,S. and Chhatwal Sing,S.(2002) in his paper entitled, " Dynamics of Innovation in E-banking" described that technology has provided many things to the customers. Bank began to replace the traditional banking activities with the e-banking facilities as today's customers are more sophisticated.

Objectives of the study:
The basic objectives are-
* To examine the reasons for preferring e-banking services by the bank customers.
* To find out the problems faced by the e-banking customers.

Hypotheses:
The following null hypotheses are formed based on the objectives

H_{01}: There is no significant relationship between gender and common problems faced by the respondents at the time of using e-banking.

H_{02}: There is no significant relationship between educational qualification and common problems faced by the respondents at the time of using e-banking.

H_{03}: There is no significant relationship between occupation and common problems faced by the respondents at the time of using e-banking.

H_{04}: There is no significant relationship between monthly income of the respondents and preferences of e-banking services.

H_{05}: There is no significant relationship between gender of the respondents and preferences of e-banking services.

Limitation of the study:
* The importance limitations of the study are stated below-
* The sample constitutes of those respondents who have taken the e-banking services.
* The sample consists of 130 respondents only and respondents were reluctant in responding some of the questions.
* The study is confined to Jorhat district, Assam only so, the findings of the study cannot be generalised.

Methodology:
The study is primarily a descriptive and analytical. The study is undertaken on the bank customers of Jorhat district of Assam. This study is based on both primary and secondary data. The secondary data were collected from books, journals and internet. An interview schedule was structured after thorough consultation and discussion with academic and professional experts. The same was first administered to ten (10) customers to collect their suggestion and the interview schedule was suitably modified in the light of their suggestion. There after the full version of Interview schedule was administered to the chosen sample. The schedule was administered to sample respondents living in different parts of Jorhat town. The researcher has adopt-

ed convenient sampling technique for collecting data. The primary data have been collected from 130 respondents belonging to different sections and various part of Jorhat town. The collected data were classified, edited and tabulated with the help of SPSS 14.0 Version for analysis. Simple statistical techniques like percentage, chi square test were adopted for analysing the data and drawn inferences there form.

Analysis of Data and Findings:
The present study is based on a sample of 130 customers. The demographic profile of sample customers is shown in table-1.

Table-1: Demographic profile of the respondents(n=130)

Demographic factors	frequency	percent
Age in yearsBelow 25 years	**39**	**30.0%**
25-40 years	56	43.1%
Above 40 years	35	26.9%
Gender Male	**88**	**67.7%**
female	42	32.3%
Educational qualification 10th std	**23**	**17.7%**
12th std	40	30.8%
Graduate	55	42.3%
Post graduate	12	9.2%
Occupation Service	**36**	**27.7%**
Business	38	29.2%
Students	43	33.1%
others	13	10.0%
Income (monthly) Below Rs 20000/-	**30**	**23.1%**
Rs 20001/- to 40000/-	58	44.6%
Above Rs 40000/-	42	32.3%

Source: Field study

The demographic characteristics of the respondents (Table-1) shows that majority (43.1%) of the respondents belonged to the 25 to 40 years. It is also seen that most of the respondents (67.7%) were male. It is further revealed that most of the respondents (42.3%) were graduates, followed by12th standard (30.8%). From the above table it is cleared that most of the respondents (33.1%) are belonged to the students occupation. It is also illustrated that 44.6% of the respondents fall into the Rs 20000/- to Rs 40000/ monthly income group.

Table-2 Preference of using e-banking technology

Technology	Frequency	Percent
ATM	45	34.6%
MOBILE BANKING	41	31.5%
NET BANKING	44	33.8%
Total	130	100%

Source: field study

From the table 2 it is cleared that 34.6% of the total respondents used ATM, followed by net banking (33.8%) and mobile banking (31.5%)

Table-3 Frequency of using e-banking services

Time	Frequency	Percent
Daily	36	27.7%
Once in a week	41	31.5%
Once in fortnight	26	20.0%
When required	27	20.8%
Total	130	100%

Source: field study

From the above table it is revealed that most of (31.5%) of the respondents used e-banking service once in a week, 27.7% of the respondents used it every day and 20% of the respondents used the services of e-banking once in fortnight and when it is required.

Table-4 Period of used e-banking services

Period	Frequency	Percent
Less than 1 year	26	20.0%
1—4 years	40	30.8%
More than 4 years	64	49.2%
Total	130	100%

Source: field study

It is illustrated from the table 4 that, majority (49.2%) of the respondents used e-banking services for more than 4 years.

Table-5 Reasons for using e-banking services

Reasons	Frequency	Percent
Easy to operate	22	16.9%
secured	13	10.0%
Time saved	28	21.5%
24x7 service	42	32.3%
Quick service	24	19.2%
Total	130	100%

Source: field study

From table-5 it is seen that 32.3% of the respondents preferred the services of e-banking because of their 24x7 hours services, 21.5% of them due to time saved,19.2% due to their quick services,16.9% of them preferred e-banking services as it is easy to operate and only 10% of them feel that it is secured.

Table-6 Common problems faced by the respondents

Problems	Frequency	Percent
Machine out of order	73	56.2%
More service charges	27	20.8%
Wrong entry	16	12.3%
Unsecured	14	10.8%
Total	130	100%

Source: field study

It is found from the table-6 that, machine out of order is the major problem (56.2%) faced by the respondents, followed by more service charge (20.8%), wrong entry (12.3%) and unsecured (10.8%).

Testing of hypotheses:
The hypotheses are tested by the chi square test using SPSS 14.0 Version.

Table-7: Gender and common problems faced by the respondents

machine out of order		common problems faced by the respondents at the time of using e-banking				Total
		more service charges	wrong entry	unsecured		
gender of the respondents	male	52	18	11	7	88
	female	21	9	5	7	42
Total		73	27	16	14	130

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.443(a)	3	.486
Likelihood Ratio	2.321	3	.509
Linear-by-Linear Association	1.779	1	.182
N of Valid Cases	130		

a 1 cells (12.5%) have expected count less than 5. The minimum expected count is 4.52.

Since the calculated value (2.443) of chi square is less than the table value(3.182) at 5% level of significance, the null hypothesis was ac-

cepted. There is no significant relationship between gender and common problems faced by the respondents at the time of using e-banking.

Table-8: Education and common problems faced by the respondents

machine out of order		common problems faced by the respondents at the time of using e-banking				Total
		more service charges	wrong entry	insecured		
educational qualification of the respondents	10th std	13	4	3	3	23
	12th std	20	11	5	4	40
	graduate	33	10	6	6	55
	post graduate	7	2	2	1	12
Total		73	27	16	14	130

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.182(a)	9	.988
Likelihood Ratio	2.114	9	.990
Linear-by-Linear Association	.186	1	.666
N of Valid Cases	130		

a 8 cells (50.0%) have expected count less than 5. The minimum expected count is 1.29.

Since the calculated value (2.182) of chi square is less than the table value (2.262) at 5% level of significance, the null hypothesis was accepted. There is no significant relationship between educational qualification and common problems faced by the respondents at the time of using e-banking.

Table-9: Occupation and common problems faced by the respondents

machine out of order		common problems faced by the respondents at the time of using e-banking				Total
		more service charges	wrong entry	insecured		
occupation of the respondents	service	22	6	4	4	36
	business	17	9	6	6	38
	students	26	9	5	3	43
	oters	8	3	1	1	13
Total		73	27	16	14	130

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.969(a)	9	.913
Likelihood Ratio	4.028	9	.910
Linear-by-Linear Association	.443	1	.506
N of Valid Cases	130		

a 8 cells (50.0%) have expected count less than 5. The minimum expected count is 1.40.

Since the calculated value (3.969) of chi square is greater than the table value (2.262) at 5% level of significance, the null hypothesis was rejected. There is significant relationship between occupation and common problems faced by the respondents at the time of using e-banking.

Table-10: Monthly income and preference of using e banking technology

ATM		preference of using e banking technology			Total
		MOBILE BANKING	NET BANKING		
monthly income of the respondents	below 20000/	9	5	16	30
	20000-40000/	25	22	11	58
	above 40000/	11	14	17	42
Total		45	41	44	130

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.857(a)	4	.012
Likelihood Ratio	13.437	4	.009
Linear-by-Linear Association	.017	1	.897
N of Valid Cases	130		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.46.

Since the calculated value (12.857) of chi square is greater than the table value (2.776) at 5% level of significance, the null hypothesis was rejected. There is significant relationship between monthly income and preference of using e-banking technology by the respondents at the time of using e-banking.

Table-11: Gender and preference of using e banking technology

ATM		preference of using e banking technology			Total
		MOBILE BANKING	NET BANKING		
gender of the respondents	male	34	26	28	88
	female	11	15	16	42
Total		45	41	44	130

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.946(a)	2	.378
Likelihood Ratio	1.997	2	.368
Linear-by-Linear Association	1.445	1	.229
N of Valid Cases	130		

a 0 cells (.0%) have expected count less than 5. The minimum expected count is 13.25.

Since the calculated value (1.946) of chi square is less than the table value (4.303) at 5% level of significance, the null hypothesis was accepted. There is no significant relationship between gender and preference of using e-banking technology.

Conclusions:

It was found that 24x7 service and quick service of e-banking services positively influence the customers and preferences of customers about the e-banking facilities. Major problem of e- banking services is link failure of machine and machine out of order. With increasing customer demands and realising the benefit of banks, banks have to constantly monitor the machine for giving quick services to their customers. From the study researcher also found that, the younger generation and students were using e-banking services more as compared to older generation. New generation generally demand more and more e-banking technology, so bank should try to fulfil the expectation of the bank customers to survive in this competition world.

REFERENCES Geetha.K.T., Malarvizhi.V.(2011), "Acceptance of E-banking among customers- An Empirical Investigation in India", Journal of Management and Science, Vol.2, No.1. Geetika et al(2008), "Internet Banking in India: Issues and Prospects", The ICFAI Journal of Bank Management, Vol. VII, No.2, 2008, pp 47-61 Singh,S Chhatwal, Singh, S.(2002) Dynamics of Innovation in E-banking, http/csrc.lse.ac.uk/qwp/qwp3diw/2002 0136 accessed on 10/07/2015 Kothari, C.R.(1996) Research Methodology: methods and techniques, Wishawa Publication, New Delhi Vijay M. Kumbhar(2011) " Factors affecting on customers' satisfaction: an empirical investigation of ATM Services" International Journal of Business Economics and Management Research, Vol.2 Issue 3, March, 2011, Pp 144-155